

## **HUMAN RIGHTS COMMISSION:**

Barri Electric Company, Inc.,  
Met the Objectives for  
Women Business Enterprise  
Participation in Its Contract  
With the Airport

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August 26, 2002

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San Francisco Airport Commission  
San Francisco International Airport  
San Francisco, CA 94128

President and Members:

The Controller's Audits Division presents its audit report concerning the as-needed electrical construction and repairs contract between the Airport Commission (Airport) and Barri Electric Company, Inc. (Barri Electric). To comply with the San Francisco Administrative Code, we conducted this audit to verify whether Barri Electric met the participation commitment in its subcontract with JMB Construction, a women business enterprise.

Because the Airport did not require work on the contract that JMB Construction would have performed, Barri Electric did not meet the contracted participation levels for JMB Construction. Nevertheless, Barri Electric complied with the Human Rights Commission's objectives for women business enterprise participation in the contract.

Respectfully submitted,

Edward Harrington  
Controller



# INTRODUCTION

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## BACKGROUND

The Airport Commission (Airport) of the City and County of San Francisco (City) entered a contract on August 4, 1998, with Barri Electric Company, Inc. (Barri Electric) to perform emergency electrical construction and repair work at the San Francisco International Airport. Barri Electric had originally bid \$443,900 on this contract; however, the contract was awarded in the amount of \$393,900. In its bid, Barri Electric made a commitment to award \$42,000, or 9.4 percent of the bid amount, to JMB Construction, which qualifies as a certified women business enterprise (WBE) under the San Francisco Administrative Code (Administrative Code), Chapter 12D.

Known as the Minority/Women/Local Business Utilization Ordinance (ordinance), Chapter 12D is intended to correct identified discriminatory practices inherent in the City's procurement processes and in the awarding of prime contracts to minority and women business enterprise contractors. The ordinance requires the City's contract-awarding authorities to encourage its contractors to make good-faith efforts to subcontract with firms who are minority and women business enterprises.

Under the ordinance, the director of the Human Rights Commission is to keep a database, the Citywide Diversity Tracking System, to report on the progress each city department has made towards the achievement of the participation goals for minority and women business enterprises. In addition, the Human Rights Commission's rules and regulations require city departments to enter into this database accurate and complete information for their contracts on a timely basis.

To qualify as a WBE under the ordinance, businesses must receive certification from the Human Rights Commission, which determines whether the enterprise is an economically disadvantaged, local business owned and controlled by one or more women. According to an Airport project manager, Barri Electric completed the work on October 18, 1999.

## SCOPE AND METHODOLOGY

The Administrative Code, Chapter 12D, defines minority and women business enterprises for purposes of city contracts and requires the director of the Human Rights Commission, in cooperation with the Office of the Controller, to conduct random audits of contractors to ensure that contractors properly meet their commitments to subcontract with minority business enterprises and WBEs. In cooperation with Human Rights Commission staff, we randomly selected for audit the contract between the City and Barri Electric.

Specifically, we determined whether Barri Electric met its commitment for WBE subcontractor participation in its contract with the Airport and determined if the subcontractor performed its work. We also assessed whether key information in the Citywide Diversity Tracking System (system) is correct and complete. The audit period was from August 4, 1998, through October 18, 1999.

To conduct the audit, we reviewed the applicable terms of Barri Electric's contract with the Airport and assessed Barri Electric's procedures for managing and subcontracting the work on the project. Additionally, we conducted interviews with personnel of the Airport and with staff of the contractor. To evaluate the information in the system, we reviewed key information that the Airport staff entered into the system, and investigated any discrepancies.

# AUDIT RESULTS

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## **BARRI ELECTRIC COMPLIED WITH THE HUMAN RIGHTS COMMISSION'S OBJECTIVES FOR WOMEN BUSINESS ENTERPRISE PARTICIPATION**

Barri Electric Company, Inc., (Barri Electric) complied with the Human Rights Commission's objectives for obtaining women business enterprise participation in contracting with the City. Barri Electric committed to subcontract with JMB Construction, a women business enterprise. However, the Airport Commission (Airport) did not require Barri Electric to perform the type of work in which JMB Construction specializes. As a result, Barri Electric did not meet its participation goal for subcontracting with a women business enterprise. Nevertheless, Barri Electric complied with the Human Rights Commission's objectives for women business enterprise participation in the contract.

## **THE AIRPORT GENERALLY ENTERED ACCURATE INFORMATION INTO THE CITYWIDE DIVERSITY TRACKING SYSTEM**

Although the Airport accurately entered most information into the Citywide Diversity Tracking System (system), we found that the system did not reflect the correct contract amount. While the Airport had entered the initial contract amount of \$393,900, it had failed to enter contract modification information into the system. When we accessed the system on January 24, 2002, it indicated that there were no modifications to this contract. In fact, there was one contract modification for \$11,899. When we informed the Airport about this, the staff responsible for updating the system explained that Human Rights Commission Form 2A is the usual source of information for modifications, but this was a type of modification for which no Form 2A is required, thus the error occurred. The staff has since entered this information into the system, and the system now correctly shows the total contract amount of \$405,799.

We also found that the contract payment amount in the system was inaccurate due to a system error. The system showed that the contract payments totaled \$385,509; however, the correct amount should be \$405,799. The \$20,290 difference is due to the system

not recording contract payments made from the retention account in the City Controller's Financial Accounting and Management Information System (FAMIS). This has been an ongoing problem that has been documented in prior audits that we have performed on the Human Rights Commission's behalf. The Department of Telecommunications and Information Services (DTIS) programmer responsible for this system stated that while there are no current plans to fix this problem, DTIS is aware of the problem and intends to fix it when the Human Rights Commission, for whom the system was developed, provides the funding.

## RECOMMENDATIONS

To fully comply with the Minority/Women/Local Business Utilization Ordinance in the San Francisco Administrative Code, the Airport Commission should ensure that the responsible staff enters complete and accurate information into the Citywide Diversity Tracking System for each of its contracts.

To ensure that the system contains accurate contract payment information, the Human Rights Commission should consider having DTIS fix this problem.

We conducted this review according to generally accepted government auditing standards. We limited our review to those areas specified in the audit scope section of this report.

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cc: Office of the Mayor  
Board of Supervisors  
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